

## 5 KEY TAX SAVERS

# How can you maximize tax savings this year?



*The tax strategies that save you the most will depend on your particular situation. For example, if you're a parent, a tax-advantaged education savings plan may be a smart move. (See the "Family & Education" section.) Or, if you're married, a credit shelter trust might save your family estate taxes. (See the "Estate Planning" section.) Here are five more key tax savers for different types of taxpayers:*

- 1. Investors:** Review after-tax returns to evaluate the performance of similar investments. The impact of taxes in a given year may not be significant. But over time, compounding can have a tremendous impact on a portfolio's growth. For example, the difference between a \$100,000 portfolio growing after tax at 8% vs. 6% a year amounts to almost \$150,000 over 20 years.
- 2. Business owners:** Watch out for buy-sell agreement tax pitfalls. Insurance policy proceeds used to fund an agreement will be taxable if an existing policy was acquired "for value" by someone other than the insured or certain other parties. The issue often arises when structuring or changing a buy-sell agreement using existing insurance policies.
- 3. Donors:** Time donations to save more tax. By considering current and future income tax rates before giving, you can significantly increase the tax benefit of charitable gifts. Deductions are more powerful when you're taxed at a higher rate.
- 4. Retirees:** Choose your source of retirement cash wisely. Generally, it's best to use money from your taxable accounts first and let your retirement plan assets grow tax-deferred as long as possible. But if you're age 70½ or older, be mindful of required minimum distribution rules.
- 5. All taxpayers:** Check with us before you take action. After reading through this guide, contact us to see which strategies will best help you minimize taxes and achieve your financial goals.